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Appropriations Committee  
November 09, 2009

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[AGENCY 51]

SENATOR HEIDEMANN: Is there anyone else wishing to testify on Agency 47? Seeing no one, we will close the public hearing on Agency 47 and open up the public hearing on Agency 51, the University of Nebraska. Welcome. [AGENCY 47]

J.B. MILLIKEN: Morning, Mr. Chairman, members of the committee. My name is J.B. Milliken. I'm the president of the University of Nebraska. Originally, I had approached this hearing with some trepidation until Saturday evening. Now I think Messrs. Suh, O'Hanlon, Dillard, and Amukamara helped give everybody in Nebraska a bit of a lift in their step and I hope there's some hangover this morning with this committee. I'm here to ask you today to continue your support of higher education in this state and of the University of Nebraska. The priority you've placed on funding for all levels of education is important for our state and deeply appreciated by all of us whose mission it is to serve Nebraska and improve its competitiveness in the global economy and it's a major reason the university is in a strong position today to contribute to a successful economic recovery. We understand that the current economic situation in Nebraska is difficult. We know that people are suffering as jobs are lost, companies are closed, and retirement and savings accounts shrink. Almost everyone in the state and certainly everyone who relies on financial support from the state of Nebraska has had to tighten their belts, and that includes the university, and we acknowledge that additional sacrifice will be required from us, as well as others. We also know that when the economy suffers, many people look to higher education as a way to improve their situation. It's one reason, I believe, that we had continued enrollment growth this fall with the highest enrollment at the university since 1996. It's why almost 10,000 of our students are pursuing graduate degrees this year, an increase of 5 percent over last year. We know that in a recession, higher education students tend to stay closer to home, and we've seen that reflected in an increase, a disproportionate increase, in residents attending the University of Nebraska this year. And we also see graduate enrollments go up in a time of recession, and we have seen that as well as individuals seek to retool and improve their skills in a

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difficult economy. In fact, at the University of Nebraska at Kearney we had over a 12 percent increase this year in graduate enrollments. These students understand that a college degree is key to their personal earning power and a better quality of life for themselves, their families, and their communities, and you all know that an educated work force is a key to helping the state emerge from this downturn. There are some indications, including a report last week from a leading economic forecasting firm, that Nebraska is one of the few states already beginning to recover. I believe that the university can play an important role in strengthening our economy. Last spring, the Legislature approved a 1.5 percent increase in the state's appropriation to the university for the biennium. You also approved funding for a new College of Nursing division in Norfolk, and passed LB603 to expand behavioral health training programs in Nebraska. These additional funds added approximately \$1.9 million for nursing and \$2.9 million for behavioral health over the biennium. The university has pledged to be part of the solution to the state's fiscal shortfall. Because of budgetary obligations, primarily salaries and other related benefits, we have already made permanent budget reductions this year of approximately \$8.5 million, which includes the elimination of 103 positions, vacant and filled. We were prepared to do that because starting last December we asked employees throughout the university to work with us to limit expenditures, to reduce operating expenses, to carefully consider any additional hires at the university, and to put off any purchases that were not necessary. Now we have not yet had an opportunity to fully analyze what a \$26 million reduction would mean. That's the biennium reduction included in the Governor's budget recommendation. We will operate differently, obviously, for the reductions required in a year that we're halfway through, as opposed to the second year of the biennium where we'll have time to plan with our campuses for permanent changes in our budget. We do know that a reduction of that size would permanently affect jobs on our campuses and across the state in academic and outreach programs. It could mean a reduced presence in greater Nebraska. It would affect our ability to address state's priorities. It could have an effect on the momentum that we've seen in the last five years, including an impressive growth in research last year, a 20 percent increase over the previous year. But we are especially

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concerned about any impact that budget cuts might have on affordable access to a high quality education, which is our promise to Nebraska, is our highest priority. As this committee knows, there has historically been a direct relationship between state appropriations and tuitions. Historically, when appropriations have gone down, tuition has gone up, in some cases, earlier in this decade, substantially. When state support is stable, then we've been able to meet our goal of having moderate, predictable increases in tuition. This year we had a 4 percent tuition increase despite a smaller increase in our state appropriation. At that time, the Board of Regents acknowledged that that pattern was not sustainable. But we are not considering additional tuition increases, additional burden on our students in a midyear tuition increase, as some states are planning, including our neighbors to the east. But over the long term, stable state funding is essential to maintaining affordability at the university. This fall I joined the Governor and other education leaders in announcing new education goals for the state of Nebraska, which included ensuring affordable access to higher education, increasing high school graduation rates, being among the top ten states in the country in college going, and improving our retention and graduation rates. These are ambitious but they are thoughtful and attainable and important goals for the state of Nebraska, and we will depend on your continued support to be able to achieve this goal. I urge you to continue what you have done to make education, including higher education, a priority for the state of Nebraska. We pledge to work with you during these challenging times, to continue to maintain programs that are important to the citizens of Nebraska. I would be happy to respond to any questions. Thank you. [AGENCY 51]

SENATOR HEIDEMANN: Thanks, J.B. I've got a couple. I just...you had mentioned it was a \$26 million cut to the university. In that, I believe you've included the \$10 million which will come from another source but will be just a one-time hit because it's in the first year and it doesn't actually cut it out in the second year. Is that correct the way you understand it? [AGENCY 51]

J.B. MILLIKEN: Yeah, I didn't include that in my calculation because, as I understand it,

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that's a one-year cut in our budget but a replacement with funds for the one year and it doesn't represent a permanent reduction. Now perhaps I misadded but...but I think the \$26 million is what happens if you reduce us over the biennium to the 2009 base year. [AGENCY 51]

SENATOR HEIDEMANN: You are correct. A couple things maybe I want you to comment on more than a question: What we're seeing here in Nebraska and what we're having to do in this special session is something that neither I nor you probably would prefer. But when you look out across the country, that things that have happened to higher education, whether it be in California, Washington, Oregon, Nevada, Florida, they've been fairly severe. And even though what we're dealing with here isn't good, I think we're still a whole lot better off than a lot of other places. The other thing I want you to comment on, last year in the Legislature we put on...I hate to say it in this terminology but almost an additional obligation that the University of Nebraska is going to have to deal with, and that is Norfolk and behavioral health, and now we're coming back to you and we're going to cut your budget. And I was kind of wanting you to comment on how you're going to deal. [AGENCY 51]

J.B. MILLIKEN: Okay. Well, thank you, Mr. Chairman. I'd respond to both of those points. And the first one, you are right, state budgets in other states where their economies have been considerably more harshly impacted than Nebraska--Florida, California, Nevada, North Carolina, even Iowa, Missouri, Kansas--we have...we've seen deeper cuts in state government as a whole and we have seen deeper reductions to those universities that are peer institutions of ours. So we understand that higher education is part of the solution nationwide and will be here, and we're grateful that the state of Nebraska has to date done better than most of these other states and that has allowed the university to continue to make important investments, to grow our enrollment, to grow our research, continue to increase the quality of students that are coming in, in terms of attracting the best and the brightest from Nebraska. On the second point, I mentioned briefly in my testimony that this committee did increase, sort

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of I guess I'd call it an overall increase, of 1.5 percent, but also added specific funding to support a priority of ours, an additional nursing program, the fifth one in the state in northeast Nebraska, which after the Medical Center studied this learned that that was the state with the most severe gap between supply and demand of nurses. So you put in additional funding for that, about \$400,000 in this year and \$1.5 million next year. You also addressed behavioral health needs in Omaha, added about \$2.9 million, I think, over the biennium in the A bill for LB603, and that's important work that will be done by the University of Nebraska Medical Center. But those were two additional specific items that were added to our budget. [AGENCY 51]

SENATOR HEIDEMANN: Okay. Thank you. I appreciate the comments. I also want to state publicly that I appreciate the working relationship that I have with you, and I've heard it from you more than once that you realize that the state is in tough times and that you want to be part of a solution, and in tough times I appreciate people that come to me with solutions versus problems. So thank you. Senator Harms. [AGENCY 51]

SENATOR HARMS: Thank you, Mr. Chairman. Thank you very much for your testimony. First, I'd like to just say that I am very pleased with what I've been able to see that the university does across this great state. In just about every phase of our economy it has a major impact. I guess probably where I really got my eyes opened up is when you were so gracious and kind to allow some of your staff to participate in our planning for the state, and what they are bringing to the table is very much appreciated because you've saved us a phenomenal amount of money in regard to doing that. Just a couple questions I'd like to ask: The \$26 million that we're going to lose, what impact do you believe that would have with our students? I mean that's really what we're about. What impact will it have in regard to services and counseling and testing or just in general in the classroom? [AGENCY 51]

J.B. MILLIKEN: Well, you know, I knew you were going to ask this question... [AGENCY 51]

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SENATOR HARMS: Okay. [AGENCY 51]

J.B. MILLIKEN: ...or that someone was, but it is, in fact, too early to say. The way this would split out is I guess a little less than \$9 million of reductions this year, and we'll be halfway through this year when we know what the target is, what our funding is. So we will make temporary adjustments to the budget. We've already begun to work on that, as you can imagine. But ultimately, a \$26 million is about a 5...a little over 5 percent permanent reduction in our budget, in our General Fund budget, so we will work. I meet with the chancellors again this week. We will work on planning, even before we get the answer, on what will happen next year to cut 5 percent out of our budget. Our highest priority will be first to preserve access to the university. We've had some important gains with Collegebound Nebraska. We have over 6,000 students attending the university this year who are able to attend, in part at least, because of that guarantee of not paying tuition at the University of Nebraska. We will continue to invest in financial aid and we'll continue to try to keep the university as affordable as we can. That's the first commitment. Obviously, we will try to protect academic programs to the extent we can. When we get to an excess of a 5 percent reduction, it is unlikely that that's something that can be managed across the board and still preserve the quality of the programs at the university. So we will be looking hard at whether there are particular programs that will need to be eliminated with that size of a reduction. [AGENCY 51]

SENATOR HARMS: In regard to the University of Nebraska Medical Center, till I probably got on the Appropriations Committee I really didn't truly understand how important it is to this great state and this region. They just do some phenomenal work there. And having a chance to meet some of the young researchers that they're attracting and where we're beginning to move in regard to being ranked in some categories as the top in the nation, will this have any type of negative impact in regard to that aspect as far as services and education, training and research? [AGENCY 51]

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J.B. MILLIKEN: Obviously, we will try to protect, to the extent possible, those priorities within the university, those programs that we've identified, the research programs, teaching that are critical to the state. But it's difficult for me to paint a picture where a 5 percent reduction in the General Fund doesn't have an impact on the university, and a significant one, and so I can't do that. The impact will be probably most significantly felt at those campuses that are going to have additional state-aided budget expenditures required, and in this case that would be UNK and UNO, in particular. [AGENCY 51]

SENATOR HARMS: One final question and then I'll leave you alone. Will this have any kind of an impact in regard to our Innovative Campus? Because I think that...and I've said this on the floor and I continue to say it, it's the only shining light that I see in Nebraska that gives us an opportunity and a chance to move into the new world global economy by what you're doing there. I've been a great supporter of that. What will that do in this process for that? Because I think that as we look in the future for this economy, you have to be successful there because I think it's going to have a positive impact. [AGENCY 51]

J.B. MILLIKEN: Well, thank you, Senator. I think the Innovation Campus is a truly exciting opportunity for this state and I would suggest that, as you alluded to earlier, there are a number of other truly exciting opportunities for this state. Take the proposed cancer campus at the Medical Center, the Ak-Sar-Ben Village development, the new College of Business right near the Peter Kiewit Institute which now has a new strategic plan, new emphasis on research, which is I think going to contribute to the innovation economy in the same way that Innovation Campus does. I suppose the greatest impact this session has on Innovation Campus is that we were seriously considering a deficit request to help support some infrastructure funding at the Innovation Campus and so that was the first casualty of this process. I don't think it will have a direct effect on our plans for Innovation Campus. We are going to be actively engaged in raising private funds too. I wish the state were in a position now to help with the infrastructure in particular and for the public aspect of that project, absolutely, and we will at a future

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opportunity want to have discussions with this committee. [AGENCY 51]

SENATOR HARMS: Thank you. Thank you, Mr. Chairman. [AGENCY 51]

SENATOR HEIDEMANN: Senator Mello. [AGENCY 51]

SENATOR MELLO: Thank you, Mr. Chairman. And thank you, President Milliken, for your testimony. Only two questions: One, looking to the long term, knowing the growing need for higher education in our state as well as the dwindling resources our state has seen, do you think there would be any potential cost savings if we looked to consolidate the State College System within the University of Nebraska system? [AGENCY 51]

J.B. MILLIKEN: If I could, thank you for your question, Senator, and I assume you'll ask my college behind me at his opportunity to testify today as well. [AGENCY 51]

SENATOR MELLO: Yes. [AGENCY 51]

J.B. MILLIKEN: If you could, first of all, phrase the question, if we were to consolidate these--and I don't know that it would be into the University of Nebraska, I'm not...I don't...I wouldn't presume what the structure would be--is there an opportunity for savings? Sure, I think there probably is. I mean I think there are probably competing issues and that you all would have to decide, and the rest of the Legislature at some point, but there are probably opportunities for savings. I recall a few years ago there was a bill proposed that would consolidate the boards of the Board of Regents, the State College Board, and the Coordinating Commission, and I suspect there was some work done at that point to determine whether or not there were savings involved with that. But I think there probably would be. [AGENCY 51]

SENATOR MELLO: Okay. Thank you for that. I will ask the Coordinating Commission and the state colleges the same question, so you're not...just not targeting you right



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now, President Milliken. One last question: Last year the state of Nebraska received roughly \$1.7 billion in funding from the American Recovery and Reinvestment Act. I believe, if my memory is correct, that Department of Corrections received \$52 million in the General State Stabilization Funds. Are you aware of the university, through any of the funding that we...that the Governor and/or the Legislature approved through last year's budget, did the university receive any of those stimulus dollars? [AGENCY 51]

J.B. MILLIKEN: I'm not...we did not receive any immediately as a result of the budget passed by the Legislature, is my understanding. We are eligible and working with the State Energy Office on funds that were made available there. [AGENCY 51]

SENATOR MELLO: Uh-huh. Uh-huh. [AGENCY 51]

J.B. MILLIKEN: We clearly are seeking and have received some research funding federally that have been provided through the stimulus, but it's my understanding we did not receive any of that, I can't remember how that was characterized,... [AGENCY 51]

SENATOR MELLO: Stabilization? [AGENCY 51]

J.B. MILLIKEN: ...the stabilization funds or the education funds because of the formula at that time. [AGENCY 51]

SENATOR MELLO: Uh-huh. Okay. [AGENCY 51]

J.B. MILLIKEN: I would suggest that we are benefitting in this process from the stimulus funds... [AGENCY 51]

SENATOR MELLO: Okay. Thank you. [AGENCY 51]

J.B. MILLIKEN: ...indirectly. [AGENCY 51]

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SENATOR HEIDEMANN: That was a good observation...good comment. Yeah, never mind. (Laugh) Senator Nordquist. [AGENCY 51]

SENATOR NORDQUIST: Thank you, Mr. Chairman. Thank you, President Milliken, for joining us. You know, a lot people say we have tough decisions here, but you certainly have a lot of tough decisions going forward with the system, especially if we have to make a reduction like this, balancing the needs of working families and their access for their children to attend higher education. And after much debate last year, this committee decided to put some language in the budget bill kind of giving you direction, telling you, you should prioritize something over something else. As you go through and make these tough decisions and set priorities for the university, are there policies or mission or is there statute that guides you on what the top priority of the university system should be and going forward? [AGENCY 51]

J.B. MILLIKEN: Sure. Thank you, Senator. First of all in statute, I'm not going to be able to quote it but there is language in the statute about the first priority of the university being its teaching mission, the second being its research mission, and the third being its outreach or service mission. So that's I think a pretty broad statutory guide. But we have a strategic plan for the system that we follow that identifies priorities, the first of which is affordable access. Each campus has a strategic plan that fits with that system plan and we are constantly working every meeting of our board on how well we're hitting the targets that are in that systemwide plan and how well-integrated the campus plans are. So that's, on the ground, that's probably our best guidance as we go into making these decisions. [AGENCY 51]

SENATOR NORDQUIST: Great. Thank you. [AGENCY 51]

SENATOR HEIDEMANN: Senator Conrad. [AGENCY 51]

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SENATOR CONRAD: Thank you, Mr. Chairman. Thank you, President Milliken. I was talking with some colleagues earlier this morning about if there were to be a silver lining amidst in these difficult economic times and conditions, my feeling would be that it's a long overdue opportunity for all of the members of the Legislature, beyond the membership of this committee, and for many Nebraskans to closely be in turn with the budgetary process as we move forward. It seems that many times our decisions and negotiations, we labor in obscurity, which is fine and part of our work, but I see this as really a critically important opportunity for us all to have a better understanding about how the budgetary process works and will help us as we move forward, not only now but into the next biennium. And because of that dynamic, I was hoping that maybe you could take a moment to talk about how your sense of needs develop at the University of Nebraska. It dovetails a little bit off of Senator Nordquist's question. But I think Nebraskans are familiar that we have a TEEOSA funding formula, we have an intricate funding formula when it comes to deciphering the needs of K-12 education in this state, but the university doesn't have that same kind of system in place to determine what their budgetary needs are. So if you could talk just a little bit about that, I think it's an important piece of education for all of us and other members as we move forward.  
[AGENCY 51]

J.B. MILLIKEN: Well, of course, we do have a strategic plan that helps guide what our investment decisions are. We don't have a formula, as many states do that, for instance, a common formula would be to increase by a certain amount the state appropriation for growth in enrollment based on credit hour production. There are a number of states, including the one that I came from most recently, North Carolina, that has an enrollment growth formula. We don't have that. At the same time, we are trying to increase enrollment because we think that one of the sort of primary goals that we have is to provide for higher educational attainment in Nebraska. It's a national goal. We've seen that we are falling behind other countries now. We're, I think, tenth in the world in population, in the age group 25 to 34. We used to be first. So it is now I think a consensus developed nationally that we need to educate more of our citizens and

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particularly those that are in the age group going to college now. That's what helped inform the decision to be in the top ten in college going. We've got a long ways to go. We're about 20th now in the country in college going. If we want to be in the top ten, we've got to do a significant amount of work in increasing the number of high school graduates that go on to the university and to other institutions. That costs money. The reason states have enrollment growth formulas is because tuition at a public university does not pay the cost of attendance, particularly for residents, in fact, does not come close, probably pays about a third of it. So that's, I suppose, a handicap in a place that does not have an enrollment growth formula when that's a particular part of the agenda. We do try to make up for that with a budgeting process that rewards campuses for increasing their enrollment by providing more revenue to them, largely that's generated by the growth in enrollment, but that's a challenge for us and always without having that automatic increase related to that. I'm not sure I answered your question fully but I'll...if you'll... [AGENCY 51]

SENATOR CONRAD: No, I think that it is a good response in terms of just making sure that Nebraskans and our colleagues understand that we don't just plunk numbers into a formula to determine what the state contribution to your needs are but, rather, you set your needs through an intricate process of its faculty and the Board of Regents and otherwise. You come and present those to us and, at least in my three years on this committee, we fund a very nominal amount of those needs as we move forward, which I wanted to illustrate for people as we move forward in the last biennial we provided a nominal increase to the university's budget and that resulted in considerable job loss across the system. And so even with small increases that are far below what the needs are, we still see struggle. So a 5 percent cut below that is potential for very dramatic outcomes, I think. And then finally I just thought, again from an educational standpoint, if you could talk about, we've heard a lot of discussion about furloughs, layoffs, and otherwise impacts in terms of state employment as we move forward. I know you've said it's too early to figure out how you will make those cuts, but if you could just remind this committee generally in terms of employment numbers where the university is as

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compared to where it has been. And it seems to me that they've taken some pretty significant hits over the past few years in terms of reducing their employment level and continue to do more with less, and just maybe provide a general overview about where we are there. [AGENCY 51]

J.B. MILLIKEN: Yeah. What we did obviously earlier in this decade probably had the most significant impact on the university's personnel budget. But just to give you an example, over the last year we put in place about \$8.5 million of reductions to the existing budget, reallocated those funds to meet other obligations. That resulted in the elimination of 103 positions. That's roughly the amount of the reduction in the Governor's recommendation for the current year. It's \$8.8 million or something like that. So if you were just looking at some past history as an example, that would be...that would be one. Then add to that an additional \$16 million or so for the...double that number for the second year. And it doesn't all come out of personnel, of course. There were reductions made. For instance, we...our travel, which we wanted to take a look at other nonpersonnel operating costs last year, we asked people to save in that regard. They saved almost 7 percent less spending on that last year than the year before. This year we're down over 10 percent, double-digits in that for the first four months of the year. I'm not certain that that's a trend but I do think it reflects that people are trying to look at areas in the operating budget other than personnel to save funds to try to minimize the impact on those positions. [AGENCY 51]

SENATOR CONRAD: But then would you agree that overall the university has seen a reduction in employment over the last ten years to the point where you're really at one of your lowest points right now in terms of employment and personnel than you have been in recent history? [AGENCY 51]

J.B. MILLIKEN: You know, Senator, I'd have to look and get you that information. In a relative sense I would say that is true, and by that I mean that at a time when we are growing enrollment every year for five years, five years in a row, that puts additional

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burdens on the university, additional faculty positions that need to address those, plus other student support positions. And as I mentioned, we're now at the highest enrollment in over 12 years and so...and then at the same point eliminating 103 positions last year to this year. So in a relative sense, the job that we have to do with the resources available, I would say you're right. [AGENCY 51]

SENATOR CONRAD: Okay. One final question. The Chairman talked generally about other states' reactions and other states' institutions of higher education reaction to the economic conditions that we're operating under. And I know that I've talked with other members of the committee about this and, in fact, we don't want to punish Nebraska students for other states' fiscal mismanagement, of course, but from a comparative analysis point of view, if we were able to mitigate the impacts on our institutions of higher education during these difficult times, won't that in fact provide a strategic advantage for Nebraska as we move forward? [AGENCY 51]

J.B. MILLIKEN: Oh, absolutely. I can't tell you what this has meant over the last couple of years for us to have a stable, even if small increase, but a stable state budget compared to what our peers are. I think we are in a buyers' market today in terms of talent, and this is all about a race for talent. We've been able to increase the amount we put into financial aid, which I think has made an important difference for Nebraskans. We have a successful capital campaign underway which I think is...the success of that is in large measure due to what people see as the strength of the state's investment in the university and the returns for that and how they can leverage their donations to try to achieve goals that they agree with. So I think it has. I think this university, in a relative sense, is in as strong a position today as it has been in recent history over the last couple of decades. And I think that's due to the strength of Nebraska's economy, in a relative sense, but also to the commitment of Nebraskans to support education. [AGENCY 51]

SENATOR CONRAD: Thank you. [AGENCY 51]

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SENATOR HEIDEMANN: Senator Fulton. [AGENCY 51]

SENATOR FULTON: Thank you, Mr. Chairman. Thank you, President Milliken. The reduction in year one, want to ask specifically about that, so we are actually...we're going through a process right now that's, you know, that's open for people to see and that's because our revenues have decreased in year one. We are asking you to consider this reduction in year one. And I know in your talk you said that in year two you will have had some time to contemplate what to do in year two. What happens in year one? Can you outline the process of how the university will go forward if indeed we invoke cuts such as these? [AGENCY 51]

J.B. MILLIKEN: Well, in year one, it will for the most part not be permanent reductions; that we will look for every opportunity to save and reduce expenditures during the current year. I would use the example of last year when the policy leaders in this state said that if you save you'll be able to reinvest that. We saved about \$7 million. So this year we'll be doing roughly the same thing. If the...take, for instance, if the Governor's recommendation is...would be adopted, \$8.8 million or something, we would be looking to save that amount this year in sort of one-time savings and reduced expenditures, in hires that we don't make, in purchases that are not made. But next year, that amount plus the amount for the second year of the biennium would have to be permanent reductions. The reason we do this is because of the process that takes some time. We're now in the middle of the fiscal year and we need to work with people on the campuses to put in place a process and make decisions on permanent reductions. [AGENCY 51]

SENATOR FULTON: Okay. Thank you. [AGENCY 51]

SENATOR HEIDEMANN: Senator Wightman. [AGENCY 51]

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SENATOR WIGHTMAN: Thank you, Mr. Chairman. Thank you, President Milliken. At some point in your presentation you talked about how many students I think are nontuition-paying students through various legal aid programs...or not legal aid, educational aid programs. [AGENCY 51]

J.B. MILLIKEN: (Laugh) Yeah. [AGENCY 51]

SENATOR WIGHTMAN: What was that figure, like 6,000? [AGENCY 51]

J.B. MILLIKEN: Well, let me...let me try to clarify this if I could. What I was referring to is Collegebound Nebraska, which is a guarantee which essentially says that if you're in a typical family of four in Nebraska with an income of \$50,000 or below, you won't pay tuition at the University of Nebraska, and that's a promise that we make so that people know that if they prepare that there is assistance available to help them attend the university. The funding for that promise comes from a variety of sources: Pell Grants, state funds, private funds. What we are doing is ensuring that they will not have a tuition bill to pay. Now a person who was at the highest level of financial need got a full Pell Grant, over \$5,000, they would get, you know, perhaps double that in financial aid from the university ultimately. So tuition is not the only piece and for those 6,000 students who qualified for Collegebound Nebraska, that tuition could be paid by a variety of sources. [AGENCY 51]

SENATOR WIGHTMAN: Did you have a number on that? [AGENCY 51]

J.B. MILLIKEN: I said 6,000. [AGENCY 51]

SENATOR WIGHTMAN: Six thousand, that's what I remembered. [AGENCY 51]

J.B. MILLIKEN: Yes, in excess of 6,000. [AGENCY 51]



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SENATOR WIGHTMAN: Is this a growing percentage of our total student enrollment?  
[AGENCY 51]

J.B. MILLIKEN: It was somewhere in excess of 4,000 the year before, 4,500, something like that. Of course, we increased the coverage of it. We used to say that if you were eligible for a Pell Grant you would pay no tuition, a Pell Grant at any level. Then because of a couple of things that happened, one is the Pell Grant, the maximum Pell Grant went up, there was more funding provided by the federal government for that, plus we reallocated additional funding to help for need-based financial aid, so now then we lifted it above the Pell Grant eligibility level. So we increased the number of students and families who are eligible for it. [AGENCY 51]

SENATOR WIGHTMAN: So percentagewise it grew quite a bit if you had a... [AGENCY 51]

J.B. MILLIKEN: Yes, it did. [AGENCY 51]

SENATOR WIGHTMAN: ...5 percent increase in enrollment but a 50 percent increase in those that paid no tuition, if the 4 and the 6 are... [AGENCY 51]

J.B. MILLIKEN: Yes. It's not quite 50. I think it was maybe 4,500 to 6,000. So, yeah, but it was a significant growth. [AGENCY 51]

SENATOR WIGHTMAN: The Collegebound Program, and I know that you have one out at Lexington, Nebraska, but...and that may be UNK rather than UNL but...or maybe it's the total university system. I'm not sure. [AGENCY 51]

J.B. MILLIKEN: No, there are...these college prep academies, which exist in Grand Island and Lexington and North Platte and Omaha, are...at this point, UNK has a couple and UNL has a couple. [AGENCY 51]

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SENATOR WIGHTMAN: Is that a growing number or is that...? [AGENCY 51]

J.B. MILLIKEN: Well, it would grow. I think there's great demand. It would grow to whatever we set the number at, but those are expensive programs and we have said that we're going to pilot them and we are yet to see those students in college. The programs haven't been in place long enough. We think they will be successful. We think they are...that they provide a great deal of motivation and incentive in Lexington and the other places where we have them, and so we are in discussion about, if these are things we want to continue, how do we sustain them financially and how do we scale them to be universitywide operations. [AGENCY 51]

SENATOR WIGHTMAN: Now some of those are targeted not entirely based upon income, although I suppose mostly income, but also on whether members of the family have previously attended college and... [AGENCY 51]

J.B. MILLIKEN: Generally, first generation college going would be a requirement for those programs. We're trying to address a group of students who are the least likely to go on to college and a pretty good proxy for that would be if no one in their family had attended college. So low-income and no one in your family has gone on to college are about the two best indicators we have. [AGENCY 51]

SENATOR WIGHTMAN: One final question on the 6,000, or approximately that, that would not be paying tuition. A lot of the funds come into the university, though, through the Pell Grants and sources that keep those students from paying tuition. Is that correct? I mean the university doesn't lose all that revenue because the Pell Grants are then paid to the university. Is that correct? [AGENCY 51]

J.B. MILLIKEN: Exactly. There are federal sources, private sources, state sources, and institutional sources that cover our financial aid, including that commitment. [AGENCY

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SENATOR WIGHTMAN: Right. Do you have a figure on what percentage of it the university actually provides as opposed to not being...or to being reimbursed through some other source? [AGENCY 51]

J.B. MILLIKEN: I do, but I can't... [AGENCY 51]

SENATOR WIGHTMAN: Give it. [AGENCY 51]

J.B. MILLIKEN: ...cite it right now. I'd be happy to get it for you. [AGENCY 51]

SENATOR WIGHTMAN: Thank you, Mr. President. [AGENCY 51]

SENATOR HEIDEMANN: Senator Nelson. [AGENCY 51]

SENATOR NELSON: Thank you, Mr. Chairman. President Milliken, just one question, maybe wrap things up. Next year you feel that there will have to be reductions but, if I understand you, you're going to try to manage without raising tuition? Is that...would that be correct? [AGENCY 51]

J.B. MILLIKEN: No, that is not correct. [AGENCY 51]

SENATOR NELSON: No? All right. [AGENCY 51]

J.B. MILLIKEN: What I...and sorry if I was confusing about this. What I tried to indicate was that there are a number of states who are looking at midyear tuition increases, Iowa is looking at it and I think California and others, because of budget cuts being made in the middle of the fiscal year. And what I would say to you is that that's not something, at least at this point and with this level, that we are looking at, at the University of

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Nebraska. We will consider an annual change in tuition at the time we normally do it in the spring of the year for the next academic year. [AGENCY 51]

SENATOR NELSON: All right. Thank you. [AGENCY 51]

J.B. MILLIKEN: And I would...well, I'll leave it at that. [AGENCY 51]

SENATOR HEIDEMANN: Seeing no further questions, thanks, J.B., for coming in. [AGENCY 51]

J.B. MILLIKEN: Thank you. Thank you very much. [AGENCY 51]

SENATOR HEIDEMANN: At this time, out of curiosity, I just would like a show of hands for anybody that is wishing to testify on Agency 51, the University of Nebraska. Seeing none, we will close the public hearing down on Agency 51 and open up the public hearing on Agency 75, the Nebraska Investment Council. Welcome. [AGENCY 51]